Pacific Basin Shipping Limited

Press Release
Pacific Basin Announces 2013 Annual Results

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Respectable dry bulk performance in a weak market
A pivotal year of investment for growth and value creation to position for cyclical recovery

Hong Kong, 27 February 2014 – Pacific Basin Shipping Limited ("Pacific Basin" or the "Company"; SEHK: 2343), one of the world's leading dry bulk shipping companies, today announced the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

HIGHLIGHTS

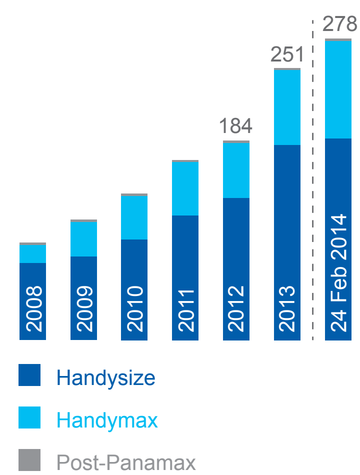
Key Numbers *US$ million*	**Year ended 31 December** **2013**	**2012**
Revenue *	**1,708.8**	1,443.1
Underlying Profit	**15.6**	47.8
EBITDA (excluding impairments) *	**130.4**	145.1
Net Profit/(Loss)	**1.5**	(158.5)
Basic Earnings per share (HK cents)	**0.6**	(64)
Proposed final (and full year) dividend per share (HK cents)	**5**	5

** relates to continuing operations*

Group

- Respectable results in a weak market were affected by:
  - valuable business model enabling 22% outperformance of the Handysize market
  - good control over our vessel costs
  - weakest half-year dry bulk market since 1986
  - stronger and volatile market in the second half
  - significantly reduced contribution from PB Towage in the second half
  - one-off finance lease break costs
- Balance sheet net gearing of 34% with cash and deposits of US$486 million
- Dry bulk vessel commitments of US$525 million

Our Dry Bulk Fleet Development
No. of Vessels at Year End (incl. Newbuildings)



Fleet

- Purchased 43 dry bulk vessels in 2013 for a committed price of US$800 million and long-term chartered another 18 vessels
- Owned fleet on the water grew from 37 to 73 dry bulk ships during 2013
- Our fleet currently numbers 334 vessels (including newbuildings) comprising 278 dry bulk ships, 52 towage vessels and 4 RoRos
- Covered 53% of our contracted 36,750 Handysize revenue days in 2014 at US$10,090 per day net
- Current commitments for a further 24 ships
- Secondhand Handysize values have increased 35% year on year

Outlook

- Cyclical upturn has started – dry bulk market is expected to be stronger and volatile in 2014
- We remain selectively open to appropriately priced ship acquisitions to further position ourselves for a stronger market
- Towage outlook has become more challenging as offshore towage contracts wind down, but underlying harbour towage demand drivers remain positive

Mr. Mats Berglund, CEO of Pacific Basin, said:

"Dry bulk shipping in the first half of 2013 experienced its weakest market conditions since 1986, while an improved second half demonstrated encouraging early signs of a cyclical upturn with increased rate volatility. In this overall weak and challenging market, our dry bulk business outperformed the freight market indices and we fulfilled our goal of significantly expanding our dry bulk fleet with ships of excellent design acquired at historically low prices. It was a pivotal year of investment for growth and value creation to position ourselves for the cyclical recovery.

PB Towage had a mixed year with our harbour towage activity continuing to grow steadily, but our offshore towage performance impacted in the second half by the costs of winding down completed projects and starting up new operations."

BUSINESS COMMENTARY

Pacific Basin Dry Bulk

Positive underlying results and a healthy cash flow were partly attributable to the outperformance of our dry bulk business during the weak dry bulk market environment.

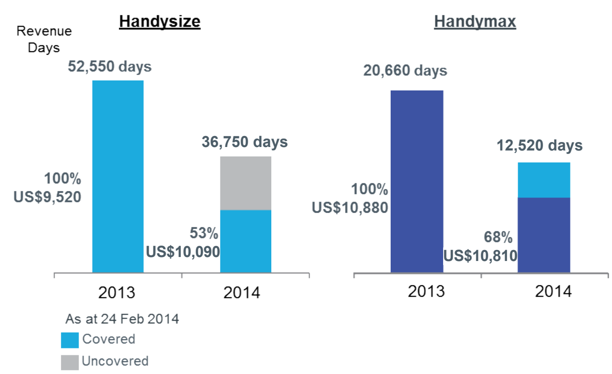
Dry Bulk net profit	US$26.1m
Segment EBITDA	US$115.0m
Return on net assets	5%

Our average Handysize daily earnings fell 9% year on year to US$9,520 per day, still beating the market index earnings of US$7,770 by 22% in 2013 and continuing to demonstrate the value of our industrial and customer-focused business model, fleet scale and cargo book.

Our Handymax earnings outperformed the market by 11%, and our growing fleet of low cost, owned ships resulted in our best – albeit still modest – Handymax contribution since 2010.

We operated an average of 145 Handysize and 57 Handymax ships, resulting in a 28% and 41% increase in our Handysize and Handymax revenue days respectively year on year.

We have covered at profitable rates 53% and 68% of our Handysize and Handymax revenue days currently contracted for 2014 at average rates of US$10,090 and US$10,810 respectively.



PB Towage

PB Towage had a mixed year in 2013.

PB Towage net profit	US$10.5m
Segment EBITDA	US$24.2m
Return on net assets	5%

Our harbour towage activity continued to grow steadily and was further expanded in July with our new operation in the bulk port of Newcastle where job numbers have been encouraging.

In the offshore towage sector, we increased our stake in the OMSA joint venture to 50% early in the year. OMSA's contract to supply marine logistics services to the Gorgon project was subsequently extended from April 2014 to December 2015, although we expect a gradual decline in activity as the project approaches its production phase. Our projects in Gladstone completed during the year and, in December, we redeployed four tugs for a new contract in Australia's Northern Territory where start-up costs and unusually heavy rainfall affected our operations.

While PB Towage delivered a robust performance in the first half of the year, its second half contribution was significantly reduced by the wind-down costs and loss of revenue stemming from the completion of our Gladstone projects and a gradual decline in Gorgon activity, and by the start-up costs for our new operations in Newcastle and the Northern Territory.

PB RoRo and Non-Core Businesses

The PB RoRo wind-down that started in 2012 is progressing as planned. The first two of our RoRo vessels delivered into the buyer Grimaldi's ownership in June and December as contracted, and the remaining four are all on charter until Grimaldi take ownership of at least one vessel in each six-month period until the end of 2015.

Further progress has been made in exiting and simplifying our few remaining non-core activities, allowing us to concentrate more of our resources on our core businesses.

Further Investment in Dry Bulk

2013 was our busiest year ever for dry bulk acquisitions as we invested for the cyclical upturn. We purchased 26 secondhand ships and we contracted 17 newbuildings at Japanese yards for an aggregate committed price of US$800 million. Additionally, we signed long-term charters for three secondhand ships and 15 newbuilding vessels.

Our ship acquisitions were concluded at historically low prices and rates and are all of excellent design for our trades. They will enhance our ability to deliver value to our shareholders and outstanding service to our customers, and further underpin our strong competitive position in the Handysize and Handymax segments.

Our owned fleet on the water grew from 37 to 73 dry bulk ships in 2013.

In 2014, we have so far committed to a further two acquisitions, and our current commitments will expand our owned fleet by a further 24 ships over the next four years.

As announced in April and August, we secured US$136 million of 12-year Japanese export credit agency ("ECA") financing, and we have since secured an additional US$178 million in commercial bank loans. Together these loans were raised to finance 25 of our bulk carriers as part of a continuous search for funding opportunities that we consider beneficial to our shareholders.

As at 31 December 2013, we had total cash and deposits of US$486 million and net borrowings of US$551 million, 10 unmortgaged dry bulk ships on the water with a combined net book value of US$202 million. Our vessel capital expenditure obligations currently amount to US$525 million. We are discussing further Japanese ECA financing for our newbuildings and shall review the need for any additional new loan facilities in 2014.

Outlook

We expect the dry bulk market in 2014 to be stronger overall than it was last year as a marked slow-down in newbuilding deliveries and continued healthy dry bulk trade combine to support an increasingly favourable balance of supply and demand.

Periodic and geographic tightening in the market is likely to result in a volatile freight market. A particularly weak first two months of 2014 – exacerbated by a minerals export ban in Indonesia which commenced in January – and seasonal fluctuations are expected to give rise to a weak first half and a stronger second half.

The fundamentals continue to look better for the Handysize segment than for larger vessel sizes due to continued scrapping and reduced new ship deliveries giving rise to modest, if any, net fleet expansion while growth in demand for minor bulks remains healthy.

We remain selectively open to further ship acquisitions in anticipation of the gradual recovery.

The outlook for PB Towage's offshore towage support services on the Australian coast has become more challenging as our previous contracts are scaling down and competition for new contracts has increased. We expect further expansion of mines and the minerals sector to support Australian trade growth and, in turn, steady growth in harbour towage job numbers. Our harbour towage performance in the short-term will depend on the rate of growth of our new operation in Newcastle. We expect to generate weak short-term offshore towage results due to start-up costs in the Northern Territory, and future performance will be affected by the speed at which we secure new employment of assets following the wind-down of completed projects.

For 2014, we will hone our focus on three key strategic objectives which are:

1) to further expand our fleet of owned and chartered Handysize and Handymax ships, although the pace of our ship acquisitions is likely to be slower due to increasing prices and the growing difficulty in finding good value buying opportunities;

2) to continue to grow our dry bulk customer and cargo portfolio in tandem with our core fleet expansion, drawing on our expanding commercial office network which now includes a new office in Dubai; and

3) to increase our offshore towage revenue book with stronger efforts directed toward securing contract renewal opportunities and new projects for our tugs and barges.

In 2013 we commenced a review of third-party acquisition interest in PB Towage to enable the Board to assess the value to our shareholders of a possible sale. This process is coming to a conclusion and we expect to reach our decision shortly.

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About Pacific Basin

Pacific Basin Shipping Limited (www.pacificbasin.com) is one of the world's leading owners and operators of modern Handysize and Handymax dry bulk vessels. The Company is listed and headquartered in Hong Kong, and currently operates in two main maritime sectors under the banners of Pacific Basin Dry Bulk and PB Towage. We also own four specialised Roll-on Roll-off (RoRo) ships which have been sold with forward delivery by the end of 2015. Our fleet (including newbuildings on order) comprises over 300 vessels directly servicing blue chip industrial customers. With approximately 3,000 seafarers and 380 shore-based staff in 16 offices in key locations around the world, Pacific Basin provides a comprehensive quality service to a wide range of customers.

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Consolidated Income Statement

	For the year ended 31 December	
	2013	2012
	US$'000	US$'000
Continuing operations		
Revenue	**1,708,792**	1,443,086
Direct costs	**(1,653,695)**	(1,357,771)
Gross profit	**55,097**	85,315
General and administrative expenses	**(17,558)**	(14,286)
Other income and gains	**8,735**	2,644
Other expenses	**(4,375)**	(4,095)
Finance costs, net	**(37,443)**	(18,474)
Share of profits less losses of jointly ventures	**5,028**	5,508
Share of profits less losses of associates	**1,542**	(2,767)
Profit before taxation	**11,026**	53,845
Taxation	**(1,168)**	(1,624)
Profit for the year	**9,858**	52,221
Discontinued operations		
Loss for the year	**(8,335)**	(210,693)
Profit/(loss) attributable to shareholders	**1,523**	(158,472)
Dividends	**12,490**	12,397
Earnings per share for profit/(loss) attributable to shareholders (in US cents)		
Basic earnings per share		
From continuing operations	**0.51**	2.70
From discontinued operations	**(0.43)**	(10.90)
From profit/(loss) attributable to shareholders	**0.08**	(8.20)
Diluted earnings per share		
From continuing operations	**0.51**	2.70
From discontinued operations	**(0.43)**	(10.69)
From profit/(loss) attributable to shareholders	**0.08**	(7.99)

Consolidated Balance Sheet

	As at 31 December 2013 US$'000	2012 US$'000
Asset		
Non-current asset		
Property, plant and equipment	**1,622,297**	1,270,202
Investment properties	**2,675**	2,675
Land use rights	**2,971**	3,767
Goodwill	**25,256**	25,256
Interests in jointly ventures	**26,650**	22,118
Investments in associates	**1,332**	1,332
Available-for-sale financial assets	**4,894**	4,729
Derivative assets	**13,175**	5,075
Trade and other receivables	**65,975**	58,039
Restricted bank deposits	**1,269**	50,192
Other non-current assets	**5,917**	5,322
	1,772,411	1,448,707
Current assets		
Inventories	**104,006**	79,102
Derivative assets	**2,238**	1,747
Trade and other receivables	**142,374**	106,044
Restricted bank deposits	**1,593**	70,148
Cash and deposits	**483,200**	633,118
	733,411	890,159
Assets of discontinued operations classified as held for sale	**31,624**	131,409
	765,035	1,021,568
Total assets	**2,537,446**	2,470,275
Equity		
Capital and reserves attributable to shareholders		
Share capital	**193,237**	193,605
Retained profits	**526,582**	537,456
Other reserves	**584,475**	600,960
Total equity	**1,304,294**	1,332,021
Liabilities		
Non-current liabilities		
Derivative liabilities	**18,779**	22,684
Long term borrowings	**708,660**	853,651
	727,439	876,335
Current liabilities		
Derivative liabilities	**4,580**	2,449
Trade and other payables	**166,475**	174,884
Current portion of long term borrowings	**328,565**	77,820
Taxation payable	**1,985**	2,509
Provision for onerous contracts	**656**	–
	502,261	257,662
Liabilities of discontinued operations classified as held for sale	**3,452**	4,257
	505,713	261,919
Total liabilities	**1,233,152**	1,138,254
Net current assets	**259,322**	759,649
Total assets less current liabilities	**2,031,733**	2,208,356